

Director's Office, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

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For more information:  
Kevin Anselm, 503-947-7498

## **State issues fines, enforcement orders in 4 mortgage lending cases**

*Mortgage companies failed to comply with requirements*

(Salem) — As part of its ongoing effort to protect consumers and ensure a fraud-free mortgage lending market, the Oregon Department of Consumer and Business Services ordered four companies to cease and desist violating Oregon's mortgage lending laws.

The department, through the Division of Finance and Corporate Securities (DFCS), issued orders in the following cases:

- Morgan Financial Inc. DFCS ordered Mortgage Financial Inc. to pay a fine of \$5,000 for employing a loan originator who had been convicted of a felony. The company, a mortgage lender licensed in Oregon with branches in several Western states, completed the required criminal records check for a loan originator but did not recognize that the felony conviction disqualified him from being employed as a loan originator. Morgan Financial cooperated with DFCS, ceasing the employment of the disqualified employee and promptly paying the fine.
- Charles D. Rose dba Executive Mortgage & Financial Services. DFCS ordered this Lake Oswego company to pay a civil penalty of \$25,000 for failing to notify DFCS of the hire of a loan originator, failing to maintain a personnel ledger for another employee, and failing to maintain certain disclosures in a borrower's loan file. The company cooperated with the investigation and DFCS suspended a portion of the fine pending compliance with terms of the cease-and-desist order, including no further violations of the law.
- Fairlane Mortgage Inc. This Colorado mortgage company obtained a mortgage for an Oregon consumer without having an Oregon license. Fairlane Mortgage made arrangements to use the Oregon mortgage-lending license of another company to complete the loan and did not realize that such "renting" of a license violated the law. Because Fairlane cooperated with the investigation and relied upon erroneous advice that it could use the other company's license, DFCS ordered the company to pay a civil penalty of \$1,286.20, the amount of money the company earned from the loan in question.
- Gibraltar Funding Corp. Rev. Anthony Miller of New York purchased Gibraltar Funding Corp., a mortgage company located in Florida but licensed in Oregon. Within one month of purchasing the company, Miller learned the former owners and employees allegedly had created false documents, such as paystubs, to obtain mortgages. Miller closed the Florida location, terminated the employees, and reported the violations to DFCS. DFCS formally ordered Gibraltar Funding Corp. to cease engaging in the fraudulent activity as a follow-up to Miller's activities. DFCS did not fine Gibraltar Funding Corp. since Miller had discovered the violations quickly, acted appropriately in response, and had not owned the company at the time that the violations occurred. Gibraltar Funding Corp. elected not to renew its Oregon license. The individuals involved in the alleged creation of false documents are still under investigation.

“These cases highlight how important it is that mortgage companies make sure they understand the regulations that apply to their industry,” said David Tatman, administrator of the Division of Finance and Corporate Securities. “The regulations were created to facilitate consumers’ ability to make informed financial decisions, protect consumers from financial harm, and ensure a competitive, fraud-free mortgage lending marketplace.”

DFCS, which licenses companies that offer mortgages to Oregon consumers, has been increasing its enforcement activities after receiving more complaints about the industry. Licensed mortgage lenders are responsible for complying with all mortgage lending laws and rules as well as supervising individuals who work for them. No mortgage lender may transfer, sell, or rent its license to another company.

“We expect mortgage lenders to comply with the regulations, and we stand ready to sanction those who fail to uphold their legal and professional obligations,” Tatman said.

DFCS advises consumers to do their homework before doing business with any financial professional. To check a mortgage lender’s credentials and licensing history, call DFCS toll-free (866) 814-9710, (503) 378-4140 in Salem, or go to [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov) and click on “Mortgage Lenders & Loan Originators.”

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The Division of Finance and Corporate Securities, part of the Department of Consumer & Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov).

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit [www.dcbs.oregon.gov](http://www.dcbs.oregon.gov).